

OFFICE OF FISCAL ANALYSIS

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SB-194

AN ACT ESTABLISHING A RIGHT TO HOUSING. AMENDMENT

LCO No.: 7177

File Copy No.: 139

Senate Calendar No.: 133

OFA Fiscal Note

Significant Cost

The amendment establishes a new grant program for landlords that have suffered a financial hardship due to a tenant's failure to pay rent during the COVID-19 pandemic and the landlord's inability to evict such tenant pursuant to the eviction moratorium. The program is to be administered by the Department of Housing (DOH) to which landlords can apply, as long as they are not eligible to receive federal reimbursement for the lost rent.

DOH is anticipated to incur significant one-time costs in FY 22 for 1) legal services, 2) other program administration, and 3) grants to eligible landlords.¹ In the absence of federal funding being designated, it is assumed that these costs would be funded by the General Fund.

The amendment requires DOH to assess each application to determine whether sufficient evidence would exist for the landlord to pursue an eviction action against the tenant, were it not for the eviction moratorium. As DOH does not have the internal capacity to make such determinations, it is anticipated that DOH would contract out with legal services providers for that aspect of the program. The cost is unknown but is expected to depend on the number of units referenced in landlord

¹ Costs limited to FY 22 assumes the eviction moratorium will end by spring of 2022.

applications.

The Department of Housing is anticipated to incur additional program administration costs in the range of \$500,000 to \$2.5 million, depending on the volume of applications and eligible recipients. Costs are expected to include durational staffing, application processing software/services comparable to what DOH is using for the UniteCT emergency rental assistance program, and program marketing costs.²

The total cost for grants to landlords is unknown but could be significant. The amendment restricts the grants to landlords that cannot receive federal reimbursement (presumably on a per-unit basis). It is not known how many landlords would qualify, how many units would require reimbursement and what the average grant amount would be. For context, there are approximately 455,000 renter households in the state, with approximately one third of those with incomes above the household income threshold required to qualify for federal emergency rental assistance.³ Federal funding to support low-income homeowners is limited to a homeowner's primary residence.⁴ The amendment specifies that DOH should pay eligible landlords "the prorated amount" of lost rent, calculated from the date the tenant materially breached the lease until the date of expiration of the eviction moratorium. It is not clear if DOH is required to pay the full rent owed or some smaller share for each of a landlord's eligible rental units.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

²For context, DOH spent approximately \$2.8 million on program administration for the Temporary Rental Housing Assistance Program (TRHAP) in 2020 and early 2021 that assisted over 6,600 households.

³ Federal funding for emergency rental assistance through the Treasury Department, in Connecticut provided through the UniteCT program under DOH, requires tenants to have incomes no greater than 80 percent AMI. Rental arrears and prospective rent for eligible tenants is paid directly to landlords.

⁴ U.S. Department of Treasury, *Homeowner Assistance Fund Guidance*, April 14, 2021

*Sources: Comprehensive Housing Affordability Strategy data for Connecticut, 2013-2017
U.S. Department of Housing and Urban Development (HUD)
Department of Housing; Statistics on Temporary Rental Housing Assistance
Program (TRHAP)*